

Morrison Telecom Services Limited

Annual report and financial statements

for the year ended 31 March 2023

Registered number 07563201



Morrison Telecom Services Limited

Annual report and financial statements for the year ended 31 March 2023

Contents	Page
Company information	1
Strategic report for the year ended 31 March 2023	2
Directors' report for the year ended 31 March 2023	7
Independent auditor's report to the members of Morrison Telecom Services Limited	11
Statement of comprehensive income for the year ended 31 March 2023	15
Balance sheet as at 31 March 2023	16
Statement of changes in equity for the year ended 31 March 2023	17
Notes to the financial statements for the year ended 31 March 2023	18

Morrison Telecom Services Limited

Company information

Directors	P Carolan A R Findlay K M Fuller C Keen A H P Loosveld M Turner J Yarr
Company secretary	I Evans
Registered office	Abel Smith House Gunnels Wood Road Stevenage Hertfordshire SG1 2ST
Registered number	07563201
Independent auditor	Deloitte LLP 1 New Street Square London EC4A 3HQ

Morrison Telecom Services Limited

Strategic report for the year ended 31 March 2023

The Directors present their strategic report together with the audited financial statements for the year ended 31 March 2023.

Principal activities

The principal activity of the Company during the year was that of telecommunications services.

Review of the business

Morrison Telecom Services Limited undertake infrastructure design, build and maintenance in the fixed telecom market.

Since the formation of Morrison Telecom Services ("MTS"), the business has continued to grow and strengthen its relationship with its key client Openreach. This is driven by the market pressure from the public for greater digital services and government focus on providing full fibre networks.

During the year, MTS has continued to grow delivery volumes on its contracts with Openreach, to support the ambition to bring 'Full Fibre' broadband to 30 million premises throughout the UK by 2030, delivering significant economic, social and environmental benefits for communities. In these contracts, MTS plays a crucial role in building the new fibre network to millions of premises, with detailed planning and construction activity already under way. We are well positioned given our current capabilities to win further awards for these programmes in the next tranche of tender awards in both urban and rural geographies. These contracts continue to deliver in line with expectations. MTS also operate a maintenance contract, the Openreach Network Services Agreement ('ONSA'), with increasing volumes following the addition of a new geography this year.

We compliment the fibre network build programmes by providing integration and maintenance services, new connections and technology services.

We concluded the award and mobilisation of our planned entry into the customer connections market with the successful award of a Service Delivery Unit contract for Openreach. This award underpins the scale required to provide our clients with a turn-key offering that covers everything from the exchange or switch site right into their customers' homes.

On 13 February 2023, MTS extended its agreement with Openreach for fibre network build. This expanded our scope and geographical coverage with Openreach via the acquisition of the contracts, employees and assets that Light Source Design Limited (in administration) held with them. The Company strengthened its delivery capabilities by acquiring 83 employees and a range of operational assets from the administrators. See Note 25.

Turnover in the year was £194.1m (2022: £176.0m) and operating profit was £13.1m (2022: £7.8m). The Company has net assets of £20.2m (2022: £16.7m).

Key performance indicators (KPIs)

The Board monitors progress on the overall Company strategy and trading by reference to KPIs, the principal measures being turnover, EBITDA (earnings before interest, tax, depreciation and amortisation), operating profit, order book, cash flow and accident frequency rate. Group performance against these can be found in the consolidated financial statements of M Group Services Limited (the Group).

Morrison Telecom Services Limited

Strategic report

for the year ended 31 March 2023 (continued)

Key performance indicators (KPIs) (continued)

The following table provides a reconciliation from operating profit to EBITDA and the calculation of EBITDA:

	Year ended 31 March 2023	Year ended 31 March 2022
	£000	£000
Operating profit	13,101	7,796
Amortisation on intangible assets (Note 12)	47	-
Depreciation on tangible assets (Note 13)	14	-
EBITDA	13,162	7,796

Principal risks and uncertainties

Economic conditions

The Company's activities operate within framework agreements which do not provide guaranteed levels of turnover. Economic conditions impact our clients and our contracts. In addition, our clients rely on borrowing in the financial markets to finance their operations. There is a risk that clients will seek to reduce expenditure or extend payment terms to manage their cash resources. We engage in regular dialogue with our clients to continually assess these risks and adjust our resources accordingly.

Business interruption

Extraneous events such as pandemic, significant IT failure or cyber-attack, could result in a significant degree of business interruption. There is a risk that the Company may not be able to adapt to a changed environment and suffers significant and prolonged disruption to its activities. The Company has developed crisis management plans to mitigate the impact of such events.

Economic regulation

Many of the Company's contracts are with major blue-chip clients who operate in regulated industries. Both the funding of programmes and the political support for private involvement may be subject to change. The regulatory risks for the Company's clients are associated with control periods set by the regulators. There is a risk that the operating cost targets and capital investment programmes approved by Regulators will impact our turnover and profitability. However, once final determinations are announced, our clients have considerable visibility of workload. We engage in regular dialogue with our clients to continually assess these risks and adjust our resources accordingly.

Contract renewals

The Company's long term contracts periodically come up for renewal. There is a risk that the Company may not renew its framework contracts with existing clients during a competitive tender process, impacting on turnover and profitability. Framework contract renewal risk is mitigated by delivering a quality service, a strong health and safety performance and an effective bid process and has resulted in an excellent renewal track record.

Skills shortages

The Company operates in a market where skill shortages prevail and consequently it invests heavily in training and developing employees to their maximum potential. There is a risk that skills shortages may impact on the Company's ability to deliver its services. The Company has been very successful in recruiting from local communities in which it works and in developing and retraining staff. In order to help tackle ongoing skills shortages, the Company has been actively involved in apprentice schemes, training the long-term unemployed and engaging ex-military personnel.

Morrison Telecom Services Limited

Strategic report

for the year ended 31 March 2023 (continued)

Principal risks and uncertainties (continued)

Reliance on supply chain

There is a risk that any disruption to the supply chain would impact the ability of the business to deliver services to its clients. The business mitigates this risk by establishing preferred supplier relationships (which are generally not exclusive) and always seeking to ensure that a balanced and stable supply chain is maintained, which helps to deliver best value to clients.

Health and safety

There is a risk that a significant health and safety failure would impact our ability to conduct our existing business and win new business. Health and safety considerations form a key part of the Company's operational practices and the Company promotes a culture that puts safety first. The Company operates safe and reliable working practices through a policy of honesty, trust and sharing best practices across all business operations.

New Business

The Company is targeting growth in existing and adjacent markets using its core skills. There is a risk that the business is not as efficient or as effective as it might be as key relationships with clients and the supply chain is established. This risk is mitigated by regular strategic and operational review of new activities to ensure resources are deployed appropriately.

Future developments

The current year financial performance of MTS is in line with our growth strategy and is aligned with our strategy to grow in customer connections activity. We continue to build on our key relationship with Openreach, supporting critical national infrastructure, as a preferred partner.

The Company is expecting to see further growth into the next financial year and beyond as the business continues to scale existing opportunities. This is achievable through the increasing strength and depth in our core business combined with Divisional, and M Group Services relationships and end-to-end service offerings.

Section 172 statement

Section 172 of the Companies Act 2006 requires each Director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole but having regard to a range of factors set out in section 172(1)(a)-(f) in the Companies Act 2006. In discharging our section 172 duty, we have regard for these factors taking them into consideration when decisions are made.

In addition, we also have regard to other factors which we consider relevant to the decisions being made. Those factors for example include the interest and views of our clients and their end users, regulatory bodies, our relationship with our lenders and our people. Board meetings are held periodically at which the Directors consider the Company's activities and make decisions.

Morrison Telecom Services Limited

Strategic report

for the year ended 31 March 2023 (continued)

Stakeholder engagement

Effective engagement of stakeholder groups supports the principles of Section 172 of the Companies Act which sets out that Directors should have regard to stakeholder interests when discharging their duty to promote the success of the Company.

Our success depends on forging positive relationships with the people, communities and organisations that have an interest in our business and may be impacted by the decisions we make. We actively engage with our stakeholders to understand their views. The views of our stakeholder's assist in shaping our strategy and business model. We set out below how we engage with our main stakeholders and our impact.

People

We endeavour to listen to our people, to provide feedback and keep them engaged and informed. Successful performance can be delivered through a high level of engagement ensuring our people share the Company's core values and feel supported by our culture. We are committed to creating an environment in which our people feel valued, supported and fulfilled. Additional details are set out in the Employee Engagement statement on page 8.

It is key that we continue to engage and listen to all feedback to harness the talent that we already have within the Company and also ensure there exists a working environment that allows people to flourish. During the year, a Company-wide People Opinion Survey took place annually enabling us to address areas for improvement to make the Company a better place to work.

Clients

Each division is dedicated to an individual market. We have long-term relationships with our clients across multiple contracts. We aim to meet the specific need of each of our clients to deliver best in class solutions. During the year we continued to have key account support and face-to-face meetings to continue to invest in these relationships.

Suppliers and subcontractors

Dialogue with suppliers and subcontractors is important to mitigate supply chain risk and to ensure we have access to the most cost effective products and services. During the year, we worked closely with our supply chain to ensure we can meet our business requirements in a cost effective sustainable way.

Our code of conduct sets out clear standards regarding our ways of working with suppliers. Having key account support and face-to-face meetings with suppliers helps to build trust and long term relationships which is beneficial to both parties.

Communities and the environment

We support employment and apprenticeship schemes and collaborate with local schools to encourage an interest in STEM (science, technology, engineering and maths) subjects among school students.

The Company is signed up to the Armed Forces Covenant, demonstrating our support for Armed Forces Community. Our participation demonstrates that we recognise the values serving personnel (including reservists), Veterans and military families can bring to our business. This commitment also encourages us to work with partners such as the Career Transition Partnership (the official Ministry of Defence provider of Armed Forces resettlement support) who provide employment opportunities for those leaving the Services.

We are committed to minimising our environmental impact, promoting good environmental practice across all our operations. See page 9.

Morrison Telecom Services Limited

Strategic report

for the year ended 31 March 2023 (continued)

Stakeholder engagement (continued)

Shareholders

The Company is a wholly-owned subsidiary of Minerva Equity Limited, a United Kingdom incorporated company which is owned by management and Blueprint Investments Sarl (Luxembourg). Blueprint Investments Sarl (Luxembourg) is indirectly controlled by PAI Europe VI, a private equity fund which is ultimately controlled by PAI Partners. Shareholders are represented on the Board of Directors of Minerva Equity Limited. Strategic direction and regular monitoring and reporting of financial and operational information is discussed in these meetings.

Our shareholders aim to increase the long-term strategic value of the Company in partnership with the management team. We target long term profitable growth, both organically and through acquisitions that enable a broadening of the Company's service offering.

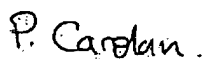
Lenders

Lenders to the M Group Services Group provide a significant source of capital to enable the Group to be successful and finance its activities. In this process they participate as key stakeholders and supporters of the Group.

We regularly share financial and operational information with our lenders and the progress against the strategic objectives set by the board.

The strategic report was approved and authorised for issue by the board of Directors.

On behalf of the board,



P Carolan
Director

21 July 2023

Registered Number: 07563201

Abel Smith House
Gunnels Wood Road
Stevenage
Hertfordshire
SG1 2ST

Morrison Telecom Services Limited

Directors' report for the year ended 31 March 2023

The Directors present their Annual report together with the audited financial statements for the year ended 31 March 2023.

Information disclosed within the Strategic report

In accordance with section 414c (11) of the Companies Act 2006, the Directors have chosen to include the principal activity of the Company; the business review; the principal risks and uncertainties; and future developments in the Strategic Report.

Dividends

A dividend of £6,063,156 was paid in the year (2022: £nil). See Note 11.

Directors

The Directors who served during the year and up to the date of signing were as follows:

J M Arnold	(resigned 1 January 2023)
P Carolan	
B G Casey	(resigned 14 November 2022)
W J Cooper	(resigned 15 September 2022)
A R Findlay	
K M Fuller	(appointed 15 September 2022)
C Keen	(appointed 15 September 2022)
A H P Loosveld	
M Turner	(appointed 15 September 2022)
J R Winnicott	(resigned 28 February 2023)
J Yarr	(appointed 26 June 2023)

Third party indemnity

The Company maintains qualifying third party indemnity insurance for all Directors as allowed by section 234 of the Companies Act 2006. These insurances were in force throughout the year to 31 March 2023 and up to the date the financial statements were approved.

Going concern

The Directors have undertaken the going concern assessment for the Company for a minimum of 12 months from the date of signing these financial statements. The Directors have taken into account the outlook for the Company including the resilient sectors in which it operates, the nature of the essential services that we provide to critical national infrastructure, and the strong long-term order book with blue-chip clients. The Directors have also taken into account uncertainties in preparing financial projections and assessing the future prospects of the Company. These included the impact of the high inflationary environment, which is considered low risk given the nature of the Company's framework agreements, the majority of which have indexation mechanisms.

Accordingly, based on the Company's financial projections and the current expectations of the Directors about the prospects of the Company, the financial statements have been prepared on the going concern basis. As at 31 March 2023 the Company has net current assets of £14.5m (2022: £13.0m) and net assets of £20.2m (2022: £16.7m).

The Directors consider that the Company can meet its obligations as they fall due for a period of at least twelve months from the date of the Directors' approval of these financial statements.

The Company has access, if needed, to funding from its ultimate holding company Minerva Equity Limited, which has confirmed its intention to support the business for a period of at least twelve months from the date of approval of the financial statements.

Morrison Telecom Services Limited

Directors' report for the year ended 31 March 2023 (continued)

Financial risk management objectives and policies

Financial risk faced by the Company include liquidity and funding risk, market risk including interest rate risk, and credit risk. The Company reviews these risks on an ongoing basis in accordance with internal policies.

Liquidity risk

Liquidity and funding risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. The Company aims to mitigate liquidity risk by managing cash generation and utilisation by its operations and applying best practice within the credit control function. The Company is focussed on reducing debtor days and also the timeliness of billing customers.

Market risk

The Company is exposed to various elements of market risk, which include interest rate risk and inflation risk. The Company is not exposed to significant foreign exchange risk as it operates in the UK and has no overseas subsidiaries. Interest rate risk is the risk that debt issued at variable interest rates will give rise to cash flow risk, management reviews debt commitments and cash flow forecasts on a regular basis to manage this risk. Inflation risk is the risk that inflationary uplifts in rates will give rise to cash flow risk, the Company manages this risk mainly via framework agreements with a contractual allowance for annual inflationary uplift.

Credit risk

Credit risk represents the risk that a counterparty will not meet its obligations leading to a financial loss for the Company. Credit risk arises from cash at bank, and debtors. For debtors, the Company's credit risk is managed by engaging with a diverse portfolio of blue-chip clients. Maximum exposure to credit risk at the end of the reporting period reflects the carrying amount of the Company's financial assets, cash at bank and debtors.

Employee engagement

Our statement describing how the Board has had regard to the matters set out in section 172 (1) (a) to (f) of the Companies Act 2006 when performing its duty under section 172 is set out on pages 5 & 6. Employees are kept informed of matters affecting them. The Company operates a systematic approach to communication through regular briefings, presentations, electronic mailings and the wide circulation of magazines, to achieve a common awareness among all employees in relation to the financial and economic factors that affect the performance of the Company. Recognition and reward schemes are in place to encourage participation in the Company's performance, highlight the achievements and successes of our people and to thank them for their hard work and dedication.

Disabled Employees

The Company is an equal opportunities employer and applications from disabled persons are fully and fairly considered, having regard to the aptitudes and abilities of the applicant. In the event of disability, every effort is made to ensure that employment continues and appropriate training is given. Career development and promotion of disabled people is, as far as possible, identical to that of other employees.

Modern Slavery and Human Rights

The Company supports and carries out its business in a manner compatible with the protection of individuals' human rights. The Company does this through its compliance with relevant legislation and through its insistence on ethical business practices. The Company has policies that reflect the rights granted to individuals under the Human Rights Act 1998, such as the areas of non-discrimination, data protection, dignity at work and health and wellbeing. Furthermore, the Company is committed to preventing modern slavery and human trafficking in all its activities and ensures that its supply chains are free from slavery and human trafficking, as set out in our most recent Modern Slavery Statement available here: www.mgroupservices.com/corporate-responsibility/modern-slavery-human-trafficking-statement/.

Morrison Telecom Services Limited

Directors' report for the year ended 31 March 2023 (continued)

Stakeholders engagement – Other stakeholders

Based on our engagement with and feedback from stakeholders, we factor their views into the decision making of the Board. Our statement describing how the Board has had regard to the matters set out in section 172 (1) (a) to (f) of the Companies Act 2006 when performing its duty under section 172 is set out on pages 4 & 5.

Environmental

In the essential infrastructure services sector in which we operate in we continue to promote good environmental practice within the Company. Through our quality and environmental management systems and active ISO accreditation we continually look to develop and introduce sustainable processes and behaviours across each of our businesses, as well as with our clients and supply chains.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditor

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Morrison Telecom Services Limited

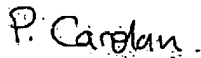
Directors' report for the year ended 31 March 2023 (continued)

Auditor

Deloitte LLP have expressed their willingness to continue as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

The Directors' report was approved and authorised for issue by the board of Directors.

On behalf of the board,



P Carolan
Director
21 July 2023

Registered Number: 07563201

Abel Smith House
Gunnels Wood Road
Stevenage
Hertfordshire
SG1 2ST

Morrison Telecom Services Limited

Independent auditor's report to the members of Morrison Telecom Services Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Morrison Telecom Services Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity
- the statement of accounting policies; and
- the related notes 1 to 27.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Morrison Telecom Services Limited

Independent auditor's report to the members of Morrison Telecom Services Limited (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, pensions legislation and, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included employee laws, health and safety, environmental regulations, Data Protection 2018 and the Bribery Act.

We discussed among the audit engagement team including relevant internal specialists such as tax, and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

Morrison Telecom Services Limited

Independent auditor's report to the members of Morrison Telecom Services Limited (continued)

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- The recoverability and valuation of amounts recoverable on contracts not yet billed post-year end. The procedures performed to address this risk included:
 - Evaluating management's assessment on the overall customer contract performance during the period to understand any key issues around the contract and determine the impact on the recoverability of the balance;
 - Assessing the accuracy of the WIP report ageing through testing on a sample basis and agreeing the amount of revenue recognised to the Cost Value Reconciliation and supporting evidence; and
 - Obtaining an understanding from respective financial and Commercial Directors of the WIP position at year-end and any judgements around recoverability issues and evaluating residual balances that remain unpaid for collectability.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

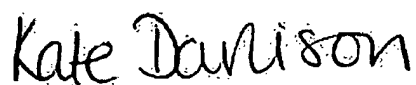
We have nothing to report in respect of these matters.

Morrison Telecom Services Limited

Independent auditor's report to the members of Morrison Telecom Services Limited (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink that reads "Kate Darlison". The signature is written in a cursive, slightly stylized font.

Kate Darlison, FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

21 July 2023

Morrison Telecom Services Limited

Statement of comprehensive income for the year ended 31 March 2023

	Note	Year to 31 March 2023	Year to 31 March 2022
		£'000	£'000
Turnover	5	194,049	175,978
Cost of sales		(178,202)	(165,034)
Gross profit		15,847	10,944
Administrative expenses		(2,808)	(3,161)
Other operating income	6	62	13
EBITDA		13,162	7,796
Depreciation	7,13	(14)	-
Amortisation	7,12	(47)	-
Operating profit		13,101	7,796
Interest payable and similar expenses	9	(721)	(176)
Profit before taxation	7	12,380	7,620
Tax on profit	10	(2,782)	(1,729)
Profit for the financial year		9,598	5,891
Other comprehensive income		-	-
Total comprehensive income for the financial year		9,598	5,891

The accompanying notes on pages 18 to 36 form part of these financial statements.

The above result relates to continuing operations for the current financial year.

Morrison Telecom Services Limited

Balance sheet as at 31 March 2023

		At 31 March 2023	At 31 March 2022
	Note	£'000	£'000
Fixed assets			
Intangible assets	12	2,791	-
Tangible assets	13	2,910	-
Debtors: amounts falling due after more than one year	14	2,720	3,697
		8,421	3,697
Current assets			
Debtors	15	52,381	47,742
Cash at bank and in hand		9,130	9,862
		61,511	57,604
Creditors: amounts falling due within one year	16	(47,037)	(44,610)
Net current assets		14,474	12,994
Total assets less current liabilities		22,895	16,691
Creditors: amounts falling due after more than one year	17	(2,069)	-
Provision for liabilities	19	(600)	-
Net assets		20,226	16,691
Capital and reserves			
Called up share capital	21	-	-
Profit and loss account	21	20,226	16,691
Shareholders' funds		20,226	16,691

The notes on pages 18 to 36 are an integral part of these financial statements.

The financial statements on pages 15 to 36 were approved and authorised for issue by the board of Directors on 21 July 2023 and were signed on its behalf by:

P. Carolan

P Carolan
Director

K Fuller

K M Fuller
Director

Morrison Telecom Services Limited

Registered Number: 07563201

Morrison Telecom Services Limited

Statement of changes in equity for the year ended 31 March 2023

	Called up share capital	Profit and loss account	Shareholders' funds
	£'000	£'000	£'000
Balance as at 1 April 2021	-	10,800	10,800
Profit and total comprehensive income for the year	-	5,891	5,891
Balance as at 31 March 2022	-	16,691	16,691
Profit and total comprehensive income for the year	-	9,598	9,598
Dividends paid (Note 11)	-	(6,063)	(6,063)
Balance as at 31 March 2023	-	20,226	20,226

The notes on pages 18 to 36 are an integral part of these financial statements.

Morrison Telecom Services Limited

Notes to the financial statements for the year ended 31 March 2023

1 General information

The Company is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England. The address of its registered office is Abel Smith House, Gunnels Wood Road, Stevenage, Hertfordshire, SG1 2ST.

2 Statement of compliance

The individual financial statements of Morrison Telecom Services Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

Basis of preparation

The financial statements are prepared on a going concern basis under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Going concern

The Directors have undertaken the going concern assessment for the Company for a minimum of 12 months from the date of signing these financial statements. The Directors have taken into account the outlook for the Company including the resilient sectors in which it operates, the nature of the essential services that we provide to critical national infrastructure, and the strong long-term order book with blue-chip clients. The Directors have also taken into account uncertainties in preparing financial projections and assessing the future prospects of the Company. These included the impact of the high inflationary environment, which is considered low risk given the nature of the Company's framework agreements, the majority of which have indexation mechanisms.

Accordingly, based on the Company's financial projections and the current expectations of the Directors about the prospects of the Company, the financial statements have been prepared on the going concern basis. As at 31 March 2023 the Company had net current assets of £14.5m (2022: £13.0m) and net assets of £20.2m (2022: £16.7m).

The Directors consider that the Company can meet its obligations as they fall due for a period of at least twelve months from the date of the Directors' approval of these financial statements.

The Company has access, if needed, to funding from its ultimate holding company Minerva Equity Limited, which has confirmed its intention to support the business for a period of at least twelve months from the date of approval of the financial statements.

Morrison Telecom Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

3 Summary of significant accounting policies (continued)

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions which have been complied with. The Company is a qualifying entity as its results are consolidated into the financial statements of Minerva Equity Limited which are publicly available.

As a qualifying entity the company has taken advantage of the following exemptions

- from preparing a statement of cash flows, as allowed by FRS 102 paragraph 1.12(b)
- from disclosing a table of financial instruments as allowed by FRS 102 paragraph 1.12(c)
- from disclosing transactions with entities that are part of the Minerva Equity Limited group where 100% of the voting rights of these entities are controlled within the group as required by FRS 102 paragraph 33.1A.
- from disclosing key management personnel compensation, as required by FRS 102 paragraph 33.7.

Foreign currencies

The Company's functional and presentation currency is the pound sterling.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and that these benefits can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable for goods and services provided and net of discounts and value added taxes.

Contract income

The activities of the Company are largely undertaken through long-term framework contracts. Under these contracts revenue is recognised in line with each separate supply of goods and services completed. Where losses are foreseeable in respect of future supplies committed under these framework contracts, appropriate provisions are made. In addition, an accrual is maintained for future remedial works that may be required in respect of supplies already made.

Amounts recoverable on contracts are stated at cost plus attributable profits less provision for losses and payments on account. Payments on account in excess of amounts recoverable on contracts are included in creditors.

Employee benefits

Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Defined contribution pension plans

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

Morrison Telecom Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

3 Summary of significant accounting policies (continued)

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions.

Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured, they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Company's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units (CGU) that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life, which is estimated to be ten years.

Morrison Telecom Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

3 Summary of significant accounting policies (continued)

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the amortisable amount of the assets less their estimated residual value over their expected useful lives, as follows:

Software	- 3 to 10 years
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Amortisation is charged to the profit and loss account.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Tangible assets

Tangible assets are included at historic purchase cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset and the costs directly attributable to bringing the asset into its working condition for its intended use.

Depreciation and residual values

Depreciation of assets is calculated at rates expected to write off cost less the estimated residual value of the relevant assets over their expected useful lives. The expected useful lives of the assets to the business are reassessed periodically in light of experience. The expected useful lives used are principally as follows:

Vehicles, plant, fixtures, fittings and equipment	- 1 to 15 years
Leasehold property	- Remaining life of the lease

Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss account.

Provisions and contingencies

Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The increase in the provision due to passage of time is recognised as a finance cost.

Contingent liabilities arising as a result of past events are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in creditors falling due within one year.

Morrison Telecom Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

3 Summary of significant accounting policies (continued)

Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit and loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit and loss account.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period to which it relates.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Morrison Telecom Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

3 Summary of significant accounting policies (continued)

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Distributions to equity holders

Dividends and other distributions to Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Company's shareholders. These amounts are recognised in the statement of changes in equity.

Related party transactions

The Company discloses transactions with related parties which are not wholly owned by the Minerva Equity Group. It does not disclose transactions with members of the Minerva Equity Group that are wholly owned.

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements in applying the entity's accounting policies

There are no specific judgements that have been made that would result in a material change to the statutory financial statements.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, there are no critical estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Other areas of judgement and accounting estimates

While these areas do not meet the definition of significant accounting estimates or critical accounting judgements, the recognition and measurement of certain material assets and liabilities are based on assumptions and/or are subject to longer term uncertainties.

The other areas of judgement and accounting estimates are:

Amounts recoverable on contract provisioning and unbilled accrued work in progress (WIP)

The Company provides support services to blue-chip clients in the infrastructure sectors in the UK and typically via framework contracts. Consistent with its revenue recognition policy, the Company makes an estimate to value work in progress for portion of revenue where work is performed but is not billed and/or agreed with the customers as at the year-end. As at the year-end, an estimate of the recoverable value has been made and a provision is recorded for any known or anticipated losses. See note 15 for the net carrying amount of amounts recoverable on contracts.

5 Turnover

The Company had one class of business providing telecommunications services. All turnover relates to activities in the United Kingdom.

Morrison Telecom Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

6 Other operating income

	Year to 31 March 2023 £'000	Year to 31 March 2022 £'000
R&D expenditure credit	62	13

7 Profit before taxation

	Year to 31 March 2023 £'000	Year to 31 March 2022 £'000
Profit before taxation is stated after charging:		
Operating lease rentals	974	1,166
Depreciation (Note 13)	14	-
Amortisation (Note 12)	47	-
Services provided by the Company's auditor		
Fees payable to the Company's auditor for the audit of the financial statements	193	53

Morrison Telecom Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

8 Employees and directors

The aggregate remuneration comprised:

	Year to 31 March 2023	Year to 31 March 2022
	£'000	£'000
Wages and salaries	23,762	20,043
Social security costs	2,327	1,765
Other pension costs	836	580
Staff costs	26,925	22,388

The average monthly number of employees (Including executive directors):

	Year to 31 March 2023	Year to 31 March 2022
	Number	Number
Management and supervisory	445	360
Operational staff	60	68
	505	428

Directors' remuneration	Year to 31 March 2023	Year to 31 March 2022
	£'000	£'000
Emoluments	642	934
Pension contributions	48	44
	690	978

Amounts included above relate to all statutory directors of the Company paid by the Company itself or other group entities for their services.

Highest paid director

Emoluments	313	493
Pension contributions	31	-
	344	493

Retirement benefits are accruing to 2 directors under a defined contribution scheme (2022: 2). None are accruing under a defined benefit scheme (2022: none).

Morrison Telecom Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

9 Interest payable and similar expenses

	Year to 31 March 2023	Year to 31 March 2022
	£'000	£'000
Other interest payable	721	176
Total interest payable	721	176

10 Tax on profit

Tax expense included in profit or loss	Year to 31 March 2023	Year to 31 March 2022
	£'000	£'000
Current tax:		
UK Corporation tax on profits for the year	2,173	1,725
Adjustments in respect of previous periods	9	4
Total current tax charge	2,182	1,729
Deferred tax:		
Origination and reversal of timing differences (Note 19)	600	-
Total deferred tax charge	600	-
Tax on profit	2,782	1,729

Morrison Telecom Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

10 Tax on profit (continued)

Reconciliation of tax expense

The tax assessed for the year is higher than (2022: higher than) the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

	Year to 31 March 2023	Year to 31 March 2022
	£'000	£'000
Profit before taxation	12,380	7,620
Profit before taxation multiplied by the standard UK rate of tax 19% (2022: 19%)	2,352	1,448
Effects of:		
Items not deductible for tax purposes	17	2
Other tax allowances	(130)	-
Income not taxable for tax purposes	(9)	-
Amortisation of goodwill	5	-
Transfer pricing adjustments	394	275
Adjustments in respect of previous periods	9	4
Impact of change in tax rate	144	-
Total tax expense for the year	2,782	1,729

Factors that may affect future tax charges

An increase to the UK corporation tax rate to 25% with effect from 1 April 2023 was enacted by the Finance Act 2021 on 14 May 2021. Deferred tax is provided at the rates timing differences are expected to reverse in accordance with FRS 102.

11 Dividends

	Year to 31 March 2023	Year to 31 March 2022
	£'000	£'000
Dividends paid on equity capital of £6,063,156 per ordinary share (2022: £nil)	6,063	-

Morrison Telecom Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

12 Intangible assets

	Goodwill	Software	Total
	£'000	£'000	£'000
Cost at 1 April 2022	-	-	-
Additions	2,140	698	2,838
Cost at 31 March 2023	2,140	698	2,838
Accumulated amortisation and impairment at 1 April 2022	-	-	-
Charge for the year	(28)	(19)	(47)
Accumulated amortisation and impairment at 31 March 2023	(28)	(19)	(47)
Net book value at 31 March 2023	2,112	679	2,791
Net book value at 31 March 2022	-	-	-

During the year the Company acquired Goodwill as a result of a business combination. See Note 25.

Morrison Telecom Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

13 Tangible assets

	Vehicle, fixtures, fittings and equipment £'000
Cost at 1 April 2022	-
Additions	2,924
Cost at 31 March 2023	2,924
Accumulated depreciation at 1 April 2022	-
Charge for the year	(14)
Accumulated depreciation at 31 March 2023	(14)
Net book value at 31 March 2023	2,910
Net book value at 31 March 2022	-

Additions relate to motor vehicles purchased via finance leases (Note 18). The net book value of the company's tangible fixed assets held under finance leases at 31 March 2023 is £2,410k (2022: £nil), of which all of this balance is motor vehicles.

14 Debtors: amounts falling due after more than one year

	At 31 March 2023	At 31 March 2022
	£'000	£'000
Amounts owed by group undertakings	2,720	3,697

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Amounts owed by group undertakings are intended for the continuing use of the borrowing companies as part of the capital structure of those companies. As such they represent fixed assets of Morrison Telecom Services Limited.

Morrison Telecom Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

15 Debtors

	At 31 March 2023	At 31 March 2022
Amounts falling due within one year	£'000	£'000
Trade debtors	1,641	579
Amounts recoverable on contracts	14,262	7,778
Amounts owed by group undertakings	36,404	39,328
Other debtors	-	2
Prepayments and accrued income	74	55
	52,381	47,742

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

Morrison Telecom Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

16 Creditors: amounts falling due within one year

	At 31 March 2023 £'000	At 31 March 2022 £'000
Trade creditors	25,956	21,953
Amounts owed to group undertakings	4,890	4,907
Corporation tax	2,635	1,714
Other taxation and social security	688	1,535
Obligations under finance leases (note 18)	268	-
VAT liability*	6,631	6,926
Accruals and deferred income	5,969	7,575
	47,037	44,610

**In the prior year, VAT was presented in aggregate within Other taxation and social security. In the current year, these balances have been disaggregated and presented separately to provide the users of the financial statements with improved disclosure on the nature of the balances.*

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

17 Creditors: amounts falling due after more than one year

	At 31 March 2023 £'000	At 31 March 2022 £'000
Amounts falling due within one year	£'000	£'000
Obligations under finance leases (note 18)	2,069	-
	2,069	-

Morrison Telecom Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

18 Loans and other borrowings

	At 31 March 2023 £'000	At 31 March 2022 £'000
Obligations under finance leases	2,377	-
Finance leases		
The future minimum finance lease payments are as follows:	At 31 March 2023 £'000	At 31 March 2022 £'000
Less than one year	268	-
Between one and five years	1,251	-
Greater than five years	818	-
Carrying amount of liability	2,377	-

The finance leases relate to motor vehicles. They are secured by fixed charges on the assets concerned.

Morrison Telecom Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

19 Provisions for liabilities

	At 31 March 2023 £'000	At 31 March 2022 £'000
Brought forward at 1 April	-	-
Charge for the year (Note 10)	600	-
Carried forward at 31 March	600	-

The deferred tax liability consists of the following:

	At 31 March 2023 £'000	At 31 March 2022 £'000
Fixed asset timing differences	600	-
Total deferred tax provision	600	-

20 Pensions and similar obligations

The amount recognised as an expense for the defined contribution scheme was:

	Year to 31 March 2023 £'000	Year to 31 March 2022 £'000
Current year contributions	836	580

Contributions amounting to £nil were outstanding at the year-end (2022: £nil).

Morrison Telecom Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

21 Called up share capital and other reserves

	At 31 March 2023 £'000	At 31 March 2022 £'000
Allotted and fully paid share capital		
1 (2022: 1) ordinary share of £1 each	-	-
	-	-

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital. The profit and loss reserve represents cumulative profits or losses, including net of dividends paid and other adjustments.

The profit and loss reserve represents cumulative profits or losses, including net of dividends paid and other adjustments.

22 Contingent liabilities

There exist cross guarantees under a group banking arrangement whereby group companies have guaranteed the liabilities of other group companies to their clearing banks. Net indebtedness recognised by the Company under this arrangement at 31 March 2023 was £nil (2022: £nil). Group bank debt is disclosed in the financial statements of M Group Services Limited.

23 Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	At 31 March 2023 £'000	At 31 March 2022 £'000
Payments due		
Within one year	576	62
Between one and five years	510	258
After five years	-	141
	1,086	461

24 Related party transactions

The Company has taken advantage of the exemption under FRS 102.33.1A, and has not disclosed transactions with entities that are part of the Minerva Equity Limited Group, where 100% of the voting rights of these entities are controlled within the Group.

Morrison Telecom Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

25 Business combinations

Acquisition of certain trade and certain assets and liabilities of Light Source Design Limited

On 13 February 2023 the Company acquired certain trade and assets of Light Source Design Limited. Management have estimated the useful economic life of the goodwill to be 10 years.

Consideration at 13 February 2023

	£m
Cash	1,100
Directly attributable costs	18
Total consideration	1,118

For cash flow disclosure purposes, the amounts are disclosed as follows:

	£000
Cash consideration paid	1,100
Directly attributable costs	18
Cash outflow on acquisition	1,118
Add: cash acquired	-
Net cash outflow	1,118

Below is a summary of recognised amounts of identifiable assets acquired and liabilities assumed:

	Book values £000	Adjustments £000	Fair value £00
Debt and Work in progress	1,558	(1,558)	-
Inventories	125	(125)	-
Equipment	78	-	78
Liabilities	-	(1,100)	(1,100)
Total identifiable net assets	1,761	(2,783)	(1,022)
Goodwill			2,140
Total			1,118

Morrison Telecom Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

26 Immediate and ultimate parent undertaking and controlling party

At 31 March 2023, the Company's immediate parent undertaking was M Group Telecoms Limited, a company registered in England and Wales.

The ultimate parent undertaking is Minerva Equity Limited, a company registered in England and Wales, whose ultimate controlling party is PAI Partners a private equity firm registered in France.

M Group Services Limited is the parent undertaking of the smallest group to consolidate these financial statements. Minerva Equity Limited is the parent undertaking of the largest group to consolidate these financial statements.

Copies of M Group Services Limited and Minerva Equity Limited consolidated financial statements can be obtained from the Company Secretary at the registered office: Abel Smith House, Gunnels Wood Road, Stevenage, Hertfordshire, SG1 2ST.

27 Post balance sheet events

There are no post balance sheet events to report.